



Federal Ministry
for Economic Cooperation
and Development

Development policy 2030

New challenges – new solutions

BMZ Strategy Paper



Contents

1. DEVELOPMENT POLICY 2030	2
2. MEGATRENDS ARE TRANSFORMING THE PLANET – THESE ARE THE ISSUES OUR FUTURE-ORIENTED DEVELOPMENT POLICY NEEDS TO TACKLE	3
3. OUR APPROACH – OUR INSTRUMENTS	5
4. WE ARE WORKING SUCCESSFULLY IN AREAS AFFECTED BY CRISIS AND CONFLICT	7
5. IMPLEMENTING THE MARSHALL PLAN WITH AFRICA	11
6. MAKING GLOBALISATION FAIR	13
7. EUROPEANISATION AND INTERNATIONALISATION	22
8. FINANCING FOR DEVELOPMENT	24

1. Development policy 2030

Recalibrating development policy

Whilst globalisation and the spread of digital technology are creating new opportunities, they do also have their downsides. Services, capital and human resources are today being exchanged on a worldwide scale. We wear clothes made in Bangladesh and drink coffee from West Africa; not a single mobile phone or car could function without materials sourced from African countries. Television and the internet link us up with people from all across the globe. Facts and information can be retrieved in real time from anywhere in the world.

This poses challenges. But it also offers great opportunities for development and education and for innovations to spread to developing countries.

The explosion in the world population is placing our natural environment, resources and climate under dramatically increased pressure. Since 1950, for example, water consumption has trebled, CO₂ emissions have quadrupled and world economic output has increased sevenfold.

We all know that the planet has its limitations and that its resources are finite. The aim of all political action must be to ensure that the Earth we pass on to the next generation is at least as intact as when we inherited it.

Values, courage and a paradigm shift – essential elements of policymaking

Sustainability must be the principle guiding all our actions – economic, ecological and social sustainability. Both good sense and responsibility dictate that we should preserve and protect life and creation and guarantee fundamental human rights, such as the right to a life in dignity for all people on this planet.

The international community has committed itself to steer a common course into the future, agreeing in New York on a treaty on the future with 17 global development goals and adopting the Paris climate agreement.

It believes that extreme poverty can and must be eradicated by 2030 – that is the overarching goal.

It's not information that is lacking. It's action.

We know what needs to be done. So we all have a duty to shoulder our responsibility and take decisive action. In this interdependent world, we can only survive and tackle the challenges of the day together. We need cooperation and self-restraint with an effective European Union and a strong international community.

2. Megatrends are transforming the planet – these are the issues our future-oriented development policy needs to tackle

1 DEMOGRAPHIC DEVELOPMENT

The world's population is growing at a rate of 80 million people each year. 90 per cent are being born into developing countries and emerging economies. By 2050 the world's population will have hit some 9 billion people; Africa's population is set to double.

This leap in population growth in the developing countries comes with challenges but also great opportunities. The developing countries have a massive need for investment. They need a new, smart infrastructure for construction, trade, transport, education, health and employment. In Africa alone, 20 million new jobs will be required each year for the growing young population.

2 RESOURCE SCARCITY

The world's natural resources – water, land, food and other raw materials – are growing ever scarcer. The OECD predicts a 50 per cent rise in energy needs by 2030 and a 40 per cent increase in water needs.

Today, 80 per cent of resources are consumed by the 20 per cent of the world population living in industrialised countries. As resources become ever scarcer, the risk of war and conflict grows; this is a key challenge for global governance.

3 CLIMATE CHANGE

Climate change and the destruction of the environment are having an ever graver impact on conditions for people in developing countries. The success of climate change mitigation and efforts to achieve the two degree target will, in large part, be determined by the energy policy we pursue and by how new urban areas are built in developing countries and emerging economies.

4 DIGITAL TECHNOLOGY AND INTERDEPENDENCE

The spread of digital technology means that knowledge and information is now available in real time across the globe. That offers great opportunities for development, education and sharing innovations with developing countries. New, sustainable technological solutions must be coupled with new economic and growth models to facilitate structural transformation in developing countries that both creates jobs and is ecologically and socially sustainable. Global value chains must be made equitable. Certainly, global markets and global trade links create jobs and opportunities for the future in developing countries in particular. But at the same time, binding social and ecological regulations and standards are needed and also standards to ensure that fundamental human rights and individual cultures are respected.

5 DISPLACEMENT AND MIGRATION

Displacement and migration are challenges that will be facing the entire world for a long time to come. There are currently over 68 million displaced people in the world. Of these, 85 per cent have found refuge in developing countries. The factors driving young people in particular are population development, war, hunger, climate change and a lack of prospects. If we do not take decisive action by strengthening our long-term development cooperation and reframing trade relations so as to ensure people see a future in their countries and a reason to stay, then people may start making their way to Europe not just in their thousands but in their millions.

The number of migrants is also on the rise. Currently, there are over 240 million migrants worldwide. Often, they have migrated because of the economic situation in their countries of origin or the lack of prospects they face there.

3. Our approach – our instruments

These global challenges demand global answers. The European Union must make development policy a shared priority, especially with a view to implementing the 2030 Agenda, the Paris climate agreement and a new EU policy on Africa. This will require the appropriate institutional structures, a dedicated Commissioner, an increase in the EU budget for development and the mandate to formulate a fair and sustainable trade and resources policy towards the developing countries and, in particular, Africa. Development policy must be perceived as an integral component of our economic, security and foreign policy interest in building and maintaining peace, justice and respect for human rights.

1 Increasing ODA at national and European level – and using it effectively

Over recent decades, a great deal of progress has been made in particular on tackling hunger and poverty, establishing effective health systems and combating epidemics but also on broadening educational access.

Official Development Assistance (ODA) has also achieved landmarks in the field of technology transfer, in energy, environment and climate policy and also in the establishment of efficient agricultural structures.

We must not allow the ODA/GNI ratio to fall, either nationally or at European level. Instead, systematic efforts must be made to move towards the 0.7 per cent target. ODA must be greatly improved. But so also must be the ways that EU member states, the EU Commission and the World Bank work together. Coordination and coherence between the different intervention levels will remain a challenge for some time to come.

Cooperation with emerging economies is a matter of considerable strategic importance, particularly when it comes to protecting public goods.

2 Supporting sustainable private investment

We need to improve the environment for private investment in developing countries. Legal certainty, transparency and effective structures for fighting corruption are critical aspects of our cooperation with the partner countries. The World Bank, the regional development banks, private banks and private investors all need to expand their range of investment instruments and promote investments in developing countries in modern infrastructure, vocational education and training and health systems. Using a development investment law, and other instruments and measures designed to protect investments, we want to offer German investors in particular greater legal certainty, targeted incentives and reliable coverage against risk.

3 Facilitating fair trade

Over recent years, globalisation and the spread of digital technology have impacted economic development in many ways. Some of the impact has been positive; in Asia in particular, investment and trade have helped lift over a billion people out of poverty. Yet globalisation has had its downsides, too: growing inequality, destruction of the environment on a massive scale, climate change, precarious work and persistent abuses of human rights. This is especially true of trade and investment with Africa and in Africa.

Efforts must be made to make the world trade system sustainable and equitable. The WTO must make the shift from a free trade to a fair trade organisation. Sustainability standards must apply along the entire length of the global supply chain.

Fair trade relations are key to sustainable development in Africa.

4 Partners' own efforts key to progress

When working with our partner countries, we expect them to deliver in various ways that are vital to the success of all development efforts:

- increased counterpart contributions
- action on corruption
- observance of human rights
- development of the necessary structures for the rule of law.

We will be reducing the number of partner countries, attaching more conditions to our cooperation and evaluating its effectiveness more closely. Under the reform partnerships we aim to establish, partners must themselves contribute to the process – our principle is to both support and challenge. This means, for example, them building their own financial and tax administrations, courts of audit and anti-corruption institutions.

5 Expanding cooperation with local authorities, political foundations and civil society

We will continue to place increasing emphasis on the principle of subsidiarity across the board in our development policy and strengthen the role and participation of non-governmental stakeholders. We attach great importance to the work being done not only by the churches and civil society but also by political foundations and cities and local authorities. We aim to continue increasing our annual funding for non-governmental stakeholders at an even higher rate than increases in our overall development budget. Effectiveness and efficiency must be the guiding principles.

6 Strengthening multilateral development cooperation

The United Nations and its various agencies must be more empowered to take effective action. The World Bank and the regional development banks are also important multilateral partners. We support a wide-ranging reform of the United Nations in line with the proposals currently on the table, particularly those aimed at vastly improving coordination.

We feel that strengthening cooperation with UNICEF, UNDP and UNHCR is particularly important. We advocate assessed contributions from all UN member states so as to make financing reliable and predictable. And we advocate the creation of a new UN aid fund of 10 billion US dollars a year to be used in response to crises and conflicts.

4. We are working successfully in areas affected by crisis and conflict

We are working worldwide in areas experiencing crises or emergencies – over both the short term and the medium to long term. Our aim is to give people reasons to stay, reasons to return and hope for the future by:

- helping to ensure refugees' immediate survival;
- developing the infrastructure;
- offering education and training;
- promoting the private sector and good governance;
- facilitating voluntary return and reintegration.

Current focal regions

The situation in those areas affected by the conflicts in Syria and Yemen remains alarming. In Syria it is still extremely difficult to get humanitarian aid to nearly 2.5 million people that need it; in Yemen, 22 million out of a population of 27 million are dependent on humanitarian aid and humanitarian medical aid. In Bangladesh, the arrival of around one million Rohingyas resulted in one of the world's largest refugee camps being formed within a matter of months.

Across the world, there are still over 820 million people suffering hunger.

How the BMZ helps create hope for the future

Refugee camps/host communities	<i>short-term</i>	<ul style="list-style-type: none"> → life-saving assistance → infrastructure → emergency care and supplies
	<i>medium-term</i>	<ul style="list-style-type: none"> → schools for children → training for young people → jobs for adults
	<i>long-term (but direct)</i>	<ul style="list-style-type: none"> → development of the economy → infrastructure → strengthening of the state

We are creating reasons to stay and hope for the future in countries affected by crisis and refugee movements.

Up to 10 million people, at least 3.7 million of them children or young people, are benefiting from our crisis management projects. Germany is one of the largest donors in the arc across which the Syria crisis has spread. And for Jordan, Lebanon, Iraq and Turkey, it is one of the main partners in providing support to Syrian refugees and their host communities.

1 We are ensuring people survive.

- Guaranteeing food security for over 8 million people
- Training 1 million small farmers
- Securing land rights for around half a million people

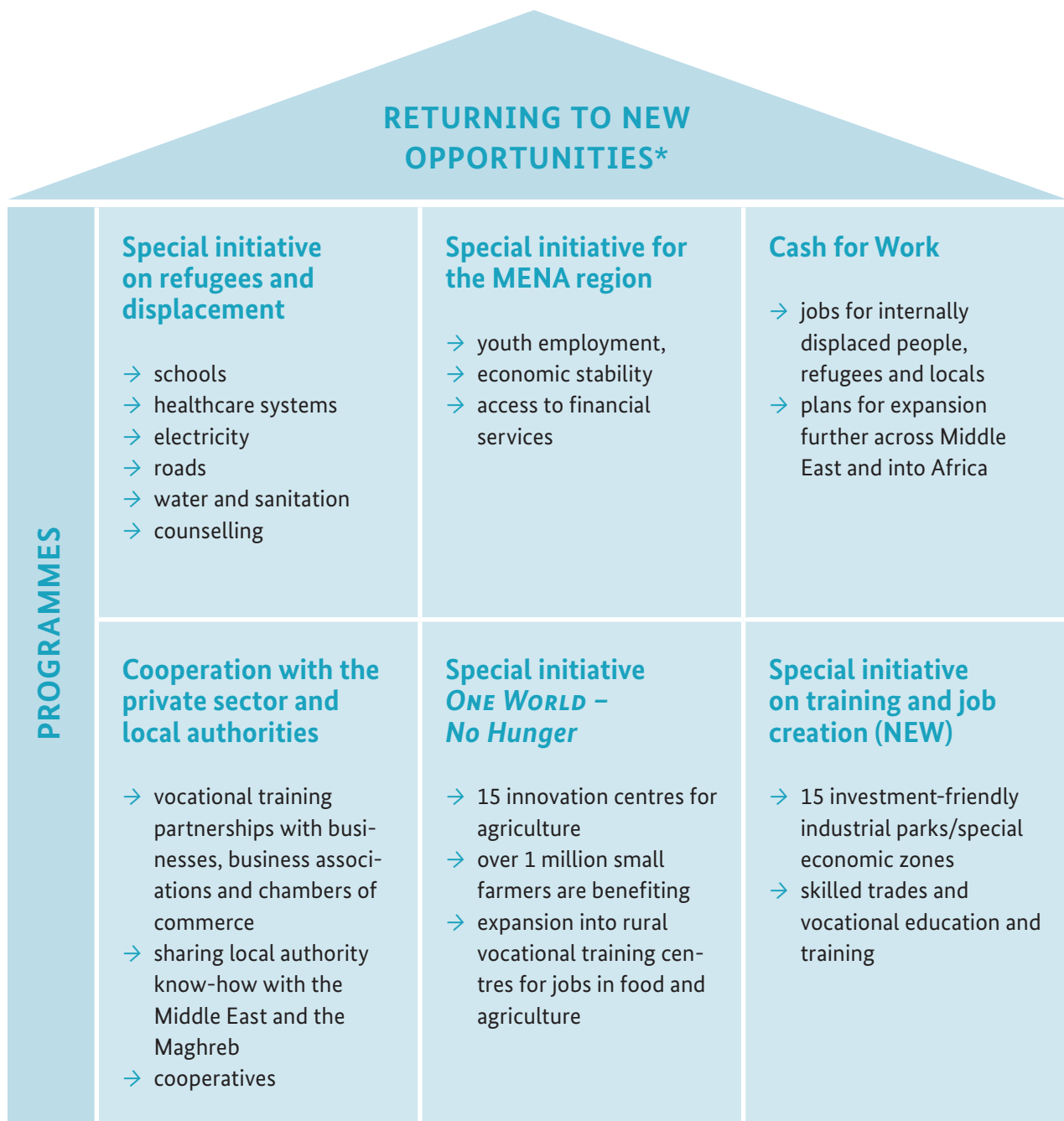
2 We are building up infrastructure.

- Water and sanitation for some 200 million people
- Renewable energy for 16 million people
- Morocco: largest solar power station in the world, serving over 1.3 million people
- Healthcare for 65,000 refugees in northern Iraq

3 We are investing in jobs and education and creating the conditions for return.

- By funding 17,000 teachers in Turkey and Jordan, we are enabling 370,000 children in the region to get an education.
- In eastern Mossul, we have rebuilt 115 schools with capacity for 54,000 pupils.
- Improving training for 50,000 people in cooperation with 100 vocational training schools in Egypt
- The cash-for-work initiative Partnership for Prospects has created over 140,000 jobs in the last two years.
- Over 270,000 internally displaced persons have been able to return to their homes in Iraq with our support.

Returning to New Opportunities



* Measures are implemented in cooperation with our partners, the implementing organisations, the United Nations, the churches, non-governmental organisations and business

Our Returning to New Opportunities initiative is aimed at improving people’s lives on the ground over the short, medium and long term. The initiative is able to build on the many existing programmes and structures of German development cooperation.

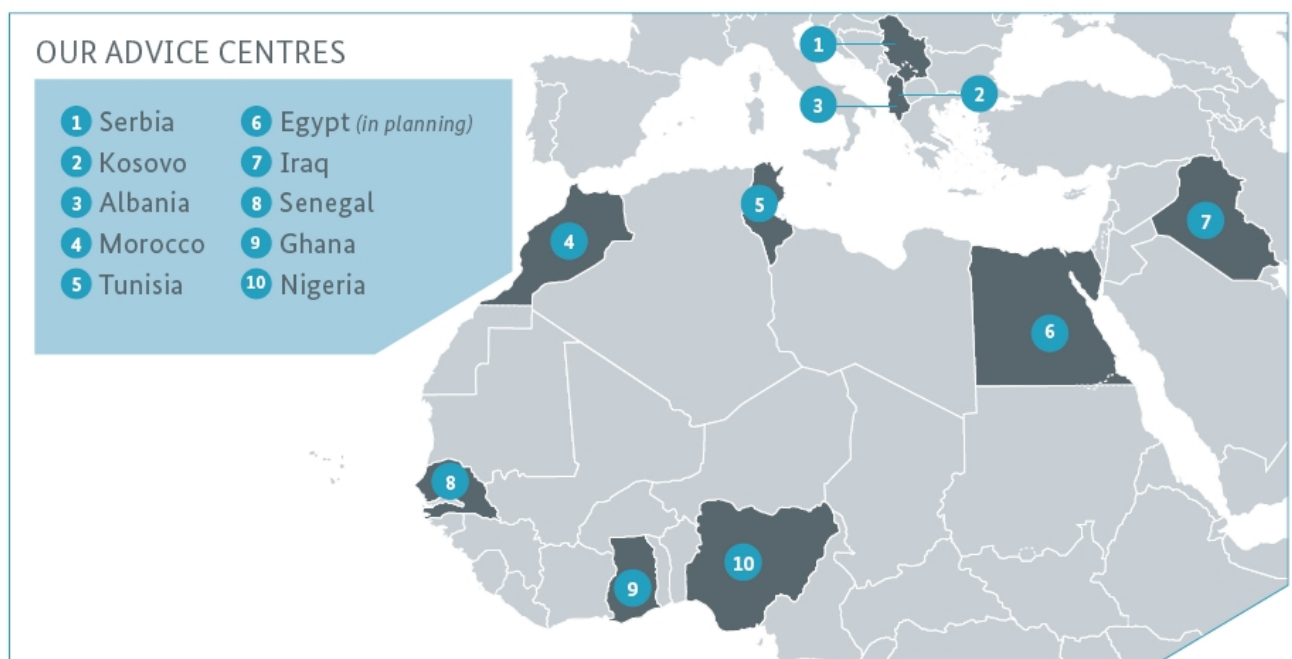
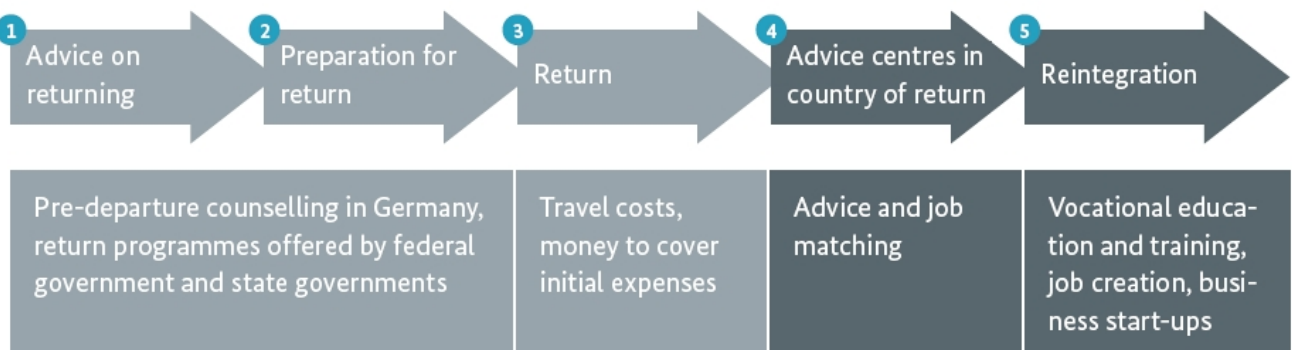
Our measures are on offer to all people in our partner countries:

- local communities,
- refugees/internally displaced persons, and
- returnees from Germany.

In order to provide training to these target groups and match them with suitable jobs, we have established advice centres in the **western Balkans** (Albania, Kosovo, Serbia), in **North and West Africa** (Ghana, Morocco, Senegal, Tunisia, Nigeria) and in **Iraq**. There are also plans to set up centres in Egypt and Pakistan.

The centres provide a first point of contact for locals, refugees and returnees and interface with local job agencies and job offers.

FROM VOLUNTARY RETURN TO REINTEGRATION



5. Implementing the Marshall Plan with Africa

Whilst Asia and Latin America also face global challenges, the continent on which we focus most is Africa, with annual commitments totalling over 2 billion euros. This is because Africa will have a decisive impact on Europe's future.

POPULATION GROWTH

Africa's population is set to double by 2050 to 2.5 billion people.

POVERTY REDUCTION

22 of the 25 poorest countries in the world, as measured by the UNDP's Human Development Index, are in Africa.

HUNGER AND MALNUTRITION

Over 200 million people are still suffering from hunger in Africa.

NO POWER SUPPLY

2/3 of Africans have no access to electricity.

PROTECTING NATURAL RESOURCES AND ADDRESSING CLIMATE CHANGE

There are expected to be up to 85 million climate refugees in Africa by 2050.

EDUCATION

Over 20 per cent of children and over a third of all young people are not in school.

VOCATIONAL EDUCATION AND TRAINING, JOBS

Every year a further 20 million young people join the labour market.

ANTI-CORRUPTION

Every year Africa loses 50 billion US dollars through illicit financial flows.

Only if we succeed in jointly addressing the major challenges Africa faces will we achieve the goals of the 2030 Agenda and the African Union's Agenda 2063.

Our focus is on strengthening the African countries' ownership and on inclusive development that is driven by the African people and their own strengths.

We are operating on the basis of the Marshall Plan with Africa, the Compact with Africa and the new partnership agreement between the EU and Africa (post-Cotonou agreement). And we are partnering with multilateral players like the International Monetary Fund, the World Bank and the African Development Bank.

Time for a paradigm shift

The Marshall Plan with Africa and the Compact with Africa mark a paradigm shift. The focus is no longer on individual, single-focus programmes but on holistic strategies for sustainable development across all policy fields.

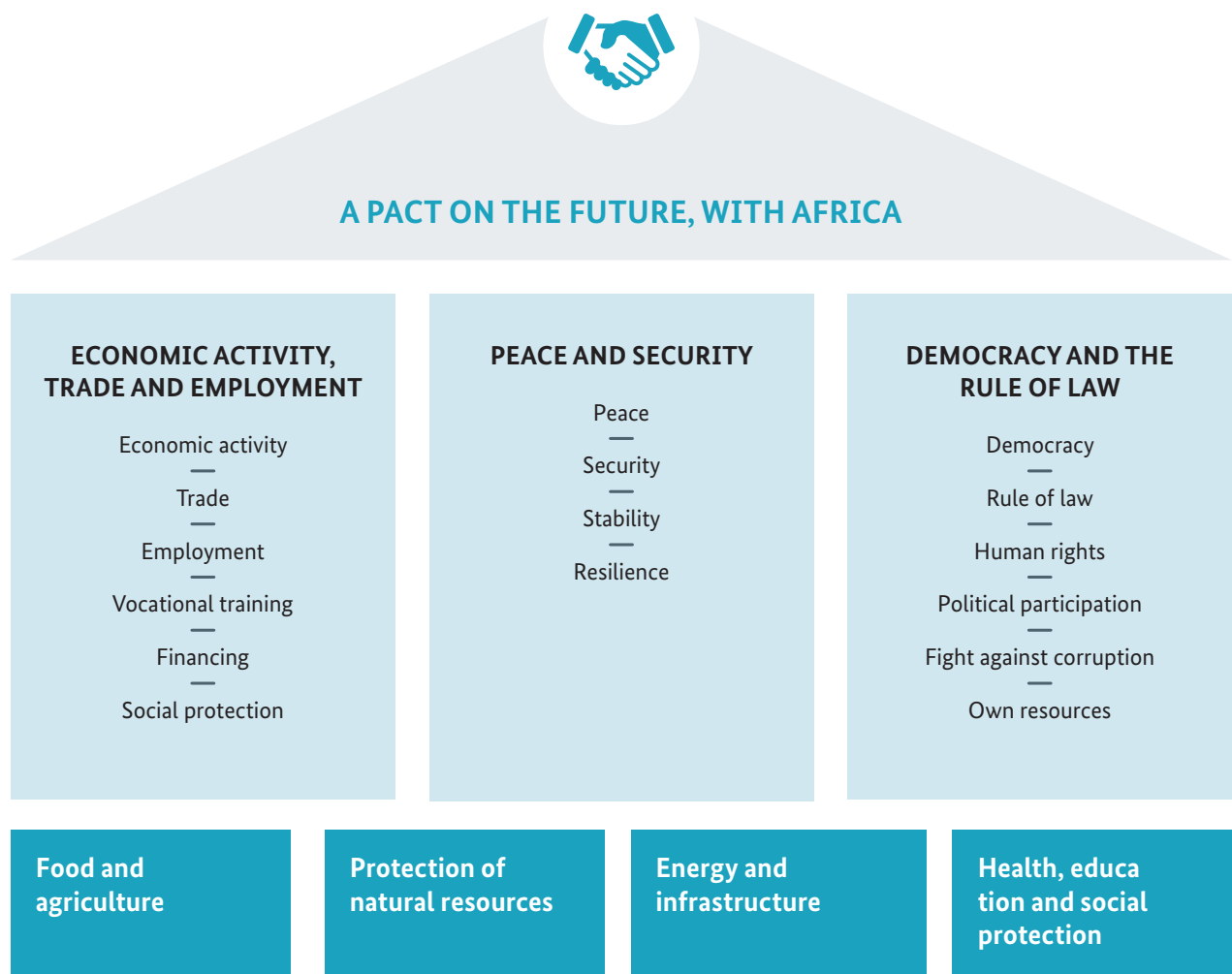
At the heart of these efforts are reform partnerships with Côte d'Ivoire, Ghana and Tunisia. We are currently investigating the possibility of forging further reform partnerships. Certain tests apply – regarding countries' anti-corruption efforts, the rule of law and observance of human rights.

Those tests draw on objective criteria, such as Transparency International's Corruption Perceptions Index, the World Bank's Doing Business Index and the Bertelsmann Stiftung's Transformation Index.

We take the commitments Africa has made seriously. Specific agreed milestones, such as the establishment of state institutions or the adoption of legislation, must be reached to trigger additional funding. Because Africa itself needs to do more and remain steadfast in implementing its 2063 reform agenda.

This must be coupled with a concerted international and European drive on Africa policy, a considerable increase in funding from the European Union, the institutionalisation of political relations in an EU-Africa Council, an investment drive and a new, fair trade regime.

THE HOLISTIC APPROACH OF THE MARSHALL PLAN WITH AFRICA – THESE ARE THE FIELDS WE ARE TARGETING:



6. Making globalisation fair

We all realise that things cannot go on as before. We are living at other people's expense and the expense of our planet.

Ten per cent of the world's population own over 90 per cent of the wealth; the 20 per cent of the population living in industrialised countries consume 65 per cent of resources. That is neither equitable nor viable. Growth and prosperity are not ends in themselves.

Making globalisation fair means ensuring that everyone shares in growth and prosperity and considering how to protect the planet's global goods.

For the people of the world to live together in peace, we need an equitable world order, fair trade and a fair balancing of the interests of industrialised countries, emerging economies and developing countries. Everyone on this planet should be able to live in dignity.

We need to turn the tide.

We live in a global village. So we need to act collectively. We need to redefine growth. And we need an economic model that thinks in lifecycles, both nationally and globally. The global market and global trade must be governed by social and ecological rules and standards that ensure the preservation of fundamental human rights and cultural identity and the protection of the world's environmental resources.

That is why a new growth model is needed. And that means, above all, being honest in our accounting. Gross domestic product does not tell the whole story. There are the costs of emissions-related illnesses, there are the toxic by-products, there is the loss of forests, soils, biodiversity – and none of them comes with a price tag attached. We must not allow our natural environment to be used and degraded for free. The polluter-pays principle must be implemented and environmental costs factored in, particularly in the interests of protecting global goods. The natural environment is an invaluable asset.

We need an economic model that acknowledges that waste is, in fact, a raw material. At present, only 10 per cent of raw materials are reintroduced into the cycle. The impact is massive. Patches of plastic waste measuring several square kilometres have collected in our oceans.

We want to make globalisation fair. Important partners in those efforts are our implementing organisations (especially GIZ and KfW), the private sector, political foundations, local authorities and thousands of experts from civil society. We are working with them to achieve:

- a world without hunger
- the implementation of the 2030 Agenda
- the implementation of the Paris climate agreement
- the implementation of G7 and G20 policy.

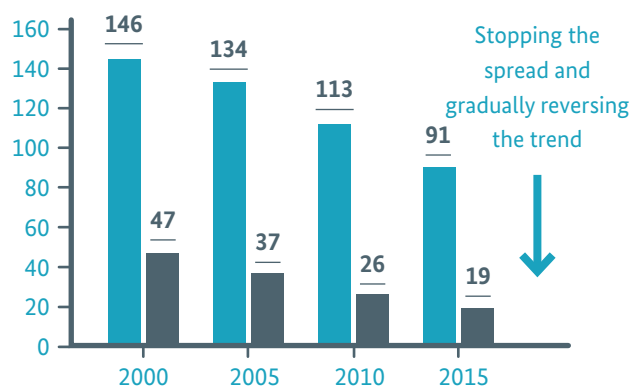
We are achieving lasting impact and successes.

Over the last twenty years, the proportion of the world population experiencing hunger has been halved. And, despite population growth, the proportion of people living in poverty was slashed from 60 per cent in 1970 to 14 per cent in 2011.

There have been:

- 40 per cent fewer cases of HIV
- 37 per cent fewer cases of malaria
- and maternal mortality has been cut by 45 per cent.

FIGHTING HIV/AIDS, MALARIA AND OTHER SERIOUS DISEASES



Number of people with malaria (per 1,000 population at risk) and number of malaria deaths (per 1,000 population at risk)

■ Incidence rate ■ Deaths

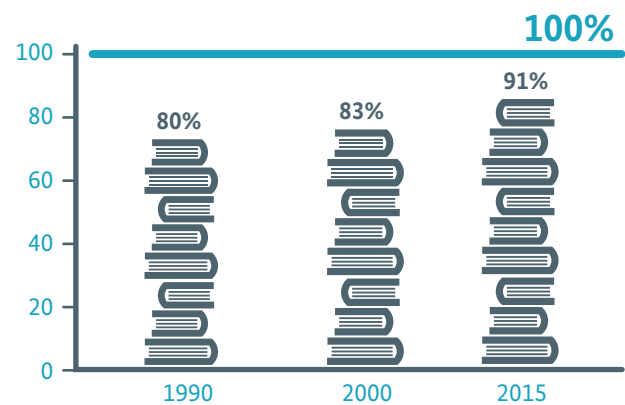
We are investing in children's futures.

Across the world, over the last 15 years:

- 20 per cent more children have been enrolled in school;
- 27 per cent more children have made it to secondary school;
- the number of children gaining a school qualification has risen by 15 per cent.

Economic cooperation and development has long since become a cross-cutting political field. We need new answers on economic and trade policy, new answers on environmental and climate policy, new answers on agricultural and social policy, new answers on foreign and security policy.

ACHIEVING UNIVERSAL PRIMARY EDUCATION



School enrolment rate in developing countries

Our focuses

1 Poverty reduction and food security – a world without hunger is possible

There are still over 700 million people in the world living in absolute poverty. They have less than 1.90 US dollars a day to live on. And there has recently been a rise in hunger again for the first time, with over 820 million people now affected. 70 per cent of all poor and hungry people live in rural areas.

In Africa alone, half of the young rural population is considering moving away. That needs to change.

OUR APPROACH

Rural spaces must become spaces of the future. Our approach is to focus on adding value at the start of the chain; for example, we are supporting cooperatives and businesses processing cocoa and coffee in the places where they are grown.

The G7 has set itself the goal of working together to lift 500 million people out of hunger and malnutrition by 2030 – because we do in fact have the technology and the strategies to achieve a world without hunger. Our green innovation centres provide basic training and research. We plan to develop them into training centres for work in the agriculture and food sector.

→ *Investment in rural spaces*

→ *Green innovation centres*
→ *Jobs in agriculture and food*

2 Education – investing in people's futures

Education alone doesn't fill stomachs or make people rich. But it is vital for political, social, cultural, social and economic development. And yet there are still around 750 million young people and adults across the world who cannot read or write. Almost two thirds of them are female. 264 million children and young people between the ages of 6 and 17 are unable to attend school. And those who do attend school often drop out before they have completed their education.

OUR APPROACH

We plan to make education – from basic education to vocational education – the focus of our development cooperation. As part of our joint initiative with the African Union (the Skills Initiative for Africa) and our new Special Initiative on Training and Job Creation, we want to increase cooperation with the private sector in order to create training opportunities and allocate 25 per cent of our funding to education and vocational education and training.

→ *Building up and strengthening education systems*
→ *Focusing on vocational education and training*
→ *Skills Initiative for Africa*

3 Health and population development – we are saving lives.

Every day, some 16,000 young children are dying, many of them from diseases that are today preventable. The Ebola epidemic was symptomatic of the underperforming health systems that often exist in our partner countries.

→ *Fighting epidemics*
→ *Ebola, tuberculosis, AIDS*

Only healthy people are able to develop and realise their full potential. That is why vaccination programmes for children are so important. They not only save millions of lives but allow children to grow up healthier and better able to learn.

→ *Vaccination programmes*

OUR APPROACH

So as to help the countries concerned better prepare for the challenges that may lie ahead, we have launched our special programme Health in Africa. The programme's funding of 200 million euros is being used to make improvements in Africa's health systems in terms of training, equipment, and health education and information.

→ *Development of basic health system structures*

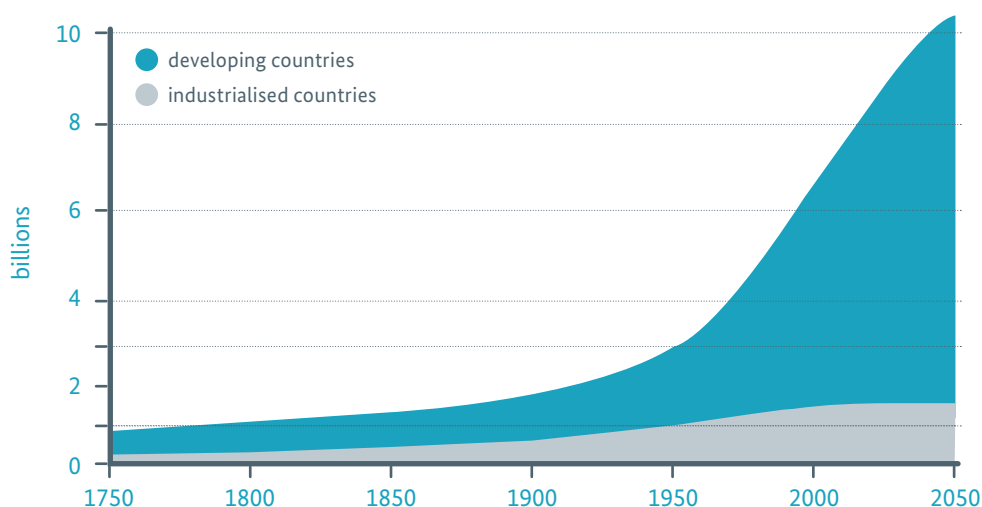
Our efforts are also focusing on global knowledge transfer by means of hospital partnerships and regular exchanges of health experts.

→ *Hospital partnerships*

Our Rights-based Family planning and Maternal Health initiative offers a range of measures to help improve maternal and child health. These include, for example, access to modern family planning methods and training for midwives. 200 million euros for the period up until 2019 have been allocated for these measures.

→ *Family planning*

GLOBAL POPULATION DEVELOPMENT



Source: UNEP, GRID-Arendal

4 Climate change – time to act

The future of the climate is the vital issue that will decide humankind's survival. And it will be decided in large part in the developing countries and emerging economies. By the middle of this century, we must almost completely decarbonise consumption and production; this will mean virtually stopping the use of all fossil fuels.

Only a global energy transition can ensure we achieve the 2 degree goal. What that means in practice is that Africa, India and other emerging economies like Indonesia and Vietnam will need to rely largely on non-fossil sources of energy to meet their energy needs. Cement and steel must in large part give way to renewable resources, in particular wood. That is the only way of safeguarding the basis for our survival.

It is worth bearing in mind that a euro invested in climate protection in the developing countries cuts much more emissions than a euro invested in industrialised countries. In the developing countries, it is often utterly outdated technology that is being replaced. As a result, much greater CO₂ savings can be made.

OUR APPROACH

That is why we are launching climate programmes every year that cut more emissions than those produced in Germany in the transport and agricultural sectors.

In our climate risk insurance initiative, we are working with the insurance industry to insure a further 400 million people in developing countries against climate risks by 2020.

Germany will be increasing its international climate financing to 4 billion euros by 2020.

→ *Protection of global goods*

→ *Global energy transition*

→ *Adaptation in the agricultural sector*

→ *Measures to protect the tropical rainforest*

→ *Climate risk insurance*

5 Renewable energies – the key to development and climate protection

Another issue that is key to humankind's future, alongside world food security, is the issue of energy. Energy is what drives economic development. And yet many people in developing countries and emerging economies do not have access to modern forms of energy. 2.7 billion people (40 per cent of the world's population) are dependent on wood, charcoal and vegetable matter for cooking and heating. 90 per cent of sub-Saharan African households use biomass to meet their daily energy needs.

OUR APPROACH

With our programmes Green People's Energy for Africa and Energising Development, we are focusing on off-grid power sourced from renewable energies and on the formation of cooperatives. In 26 partner countries in Africa, Latin America and Asia, we have already provided connections to green electricity for up to 17.3 million people, 19,400 social and community facilities and 38,600 small businesses. We also want to increase our work on vocational education and training in the energy sector, especially in African countries.

- *Cooperatives*
- *Basic systems for renewable energy in our partner countries*
- *Training and technology transfer*

6 Environment and biodiversity – we value and protect the natural environment.

At present, species are dying out at a rate of between 100 and 1,000 times faster than they would naturally. And every year, 13 million hectares of forest are destroyed. That is an area about one third the size of Germany. A quarter of all ocean fish stocks are in danger. If the trend continues, commercial fishing operations will have become impossible by 2050.

Preserving the integrity of creation is not only a moral duty. We have a responsibility to protect global goods. We live in one world, and it needs forests, soil, water and air.

- *Protecting global goods*

OUR APPROACH

We have adopted a Ten-point Plan of Action for Marine Conservation and Sustainable Fisheries with the aim of preserving intact marine ecosystems. By 2020, the aim is to make 20 per cent of the coastlines of eight Caribbean states into protected areas.

- *Marine conservation*

We are investing some 2 billion euros in over 200 forest initiatives, making us one of the biggest donors in this field. By 2020, we aim to have halved deforestation. By 2030 we want to have halted the destruction of the natural forest and restored 350 million hectares of deforested and degraded forest areas.

- *Conserving of tropical forests*

7 Fair trade and digital technologies – helping countries to leapfrog ahead

The most important external source of financing for nearly all developing countries is export revenue from trade in goods and services. In 2016, developing countries accounted for almost half of all global exports, with exports totalling 8.3 trillion US dollars.

The key to self-sustaining economic development is fair trade. Fair trade means fair prices for raw materials and products along the entire length of the value chain and respect for minimum social and environmental standards.

→ *Fair trade*

OUR APPROACH

Our Partnership for Sustainable Textiles is an example of how this can be achieved – with clear standards along the entire length of the supply chain. In parallel with this we need to reform the World Trade Organisation, turning it into a fair trade organisation. We want all African countries to have tariff and quota-free access to the EU single market and we want non-tariff trade barriers to be dismantled.

→ *Partnership for Sustainable Textiles*
→ *WTO reform*

We want to use the potential offered by digital technologies and enable countries to leapfrog ahead, for example by building a digital infrastructure and, above all, by investing in skills (e. g. through the G20's eSkills4Girls initiative), in education and in the fair and open development of the digitalised world.

→ *eSkills4Girls*

8 Business and employment – prioritising jobs

Between now and 2050, 20 million more young people will be entering the African labour market every year. They need a future. They need jobs.

OUR APPROACH

With our new Special Initiative on Training and Job Creation, we want to create the right conditions for more jobs in Africa.

→ *Special Initiative on Training and Job Creation*

We are developing 15 special economic zones, industrial parks and clusters, each of which will offer between 30,000 and 70,000 jobs over the next five years.

→ *Special economic zones*

And through our programme to support small and medium-sized businesses in Africa, we are investing in value creation, the creation of the necessary structures and African start-ups.

→ *Support for start-ups*
→ *Programme to support small and medium-sized enterprises*

9 Good governance – promoting it, demanding it

Every year some 50 billion US dollars drain out of Africa in illicit financial flows. That is about as much as the continent receives in development funding.

Good governance is both the aim of successful development policy and a necessary condition for it. With the Marshall Plan with Africa, we have underlined that we will be increasing our support but also demanding more of the countries we support.

→ *Good governance*
→ *Marshall Plan with Africa*

OUR APPROACH

We are supporting improved training for tax officials at tax academies. And we are supporting those institutions responsible for monitoring proper use of funds, like courts of auditors and anti-corruption units.

→ *Courts of auditors*
→ *Anti-corruption units*

At the same time, our funding is conditional on tangible improvements in economic and political development as measured by internationally recognised indexes (for example Transparency International's Corruption Perceptions Index, the World Bank's Doing Business Index and the Bertelsmann Stiftung's Transformation Index).

Together, we need to prevent the base erosion and profit shifting (BEPS) practised by international concerns. Each year, developing countries and emerging economies lose over 100 billion US dollars in public revenues. We want to rigorously implement the OECD's action plan to create new global tax administration standards so that developing countries can retain their fair share of the profits generated there, thus boosting domestic revenues.

→ *Tackling BEPS, building decentralised administrative structures*

Ultimately, private capital must be directed to where it is really needed. So we need to move it out of tax havens and fossil fuels and channel it into economic development in Africa in particular and a modern climate-friendly infrastructure.

10 Human rights and women's empowerment – everyone has a right to self-determination and a life in dignity

Human rights are the universal foundation for a life of freedom, dignity and equality. They ensure that each and every person can participate in politics, the economy and society and can choose their own culture, religion and lifestyle.

OUR APPROACH

Development policy is human rights policy. By informing and educating, it helps ensure that human rights not only exist on paper but that they are put into practice. At global level, in the partner countries and also with the private sector, it advocates for the observance and realisation of human rights.

→ *Training events*

→ *Awareness-raising*

One special focus is women's rights. Across the world, women are taking on responsibility but are still, in many cases, discriminated against and denied their rights.

→ *Women's rights*

A fundamental principle of German development policy is therefore: equal rights, equal responsibilities, equal opportunities and equal power for women and men.



7. Europeanisation and internationalisation

We work closely with our European and multilateral partners. The European Union is an especially important partner. It plays a central part in shaping international processes as a result of its role, its responsibility and the weight it carries in the relevant political fields. The EU and its member states provide half of worldwide ODA. Germany contributes around 21 per cent of the EU budget and has particular responsibility for development policy.

For Europe, forging a new partnership with Africa is the vital task for the future. In view of the opportunities and challenges on Europe's neighbouring continent, we need to lend our cooperation a new dimension.

Assuming greater responsibility

As well as Europe taking responsibility, the international community must now also provide greater support in crisis regions. It is unacceptable that eight countries provide 90 per cent of the assistance while the rest simply look the other way.

All parties need to contribute to our global partnership. That was the commitment we made in the 2030 Agenda.

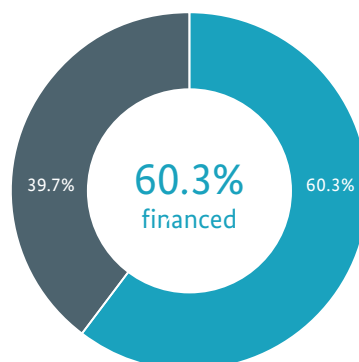
This also means redressing rather than further increasing the imbalance that exists between annual funding for development, which stands at around 150 billion euros, and annual spending on armaments, which is over 1,600 billion euros. Development policy is an investment in peace.

Ultimately, development cooperation helps prevent crises, manage conflicts and build peace.

Responding faster

As an international community, we also need to offer a faster response. We need to create a multilateral crisis response fund within the UN system that improves the basic financing available for responding to crises and the dovetailing of humanitarian aid with development cooperation. The United Nations has calculated that just an additional 10 billion US dollars a year would be enough to ensure that emergency care and supplies could be delivered to areas in acute crisis and ensure people's survival into the long term.

UN APPEALS IN 2017



Total funded:
14.22 billion US dollars

Needs:
23.57 billion US dollars

Funding shortfall:
9.35 billion US dollars

Source: UN OCHA

In Europe and internationally, we need a shift towards global sustainable development:

1. A STRONG EUROPE

We need a strong Europe that speaks with one voice, making it a global champion of sustainable development.

2. EFFECTIVE UNITED NATIONS

We want to see a United Nations that is effective and properly resourced.

3. FAIR GLOBAL TRADE

We are calling for a more equitable global trade order that fosters global sustainable value chains.

4. G7 AND G20 TO LEAD THE WAY

We give our backing to development policy milestones at G7 and G20 level and work towards their implementation.

5. GREATER EFFECTIVENESS

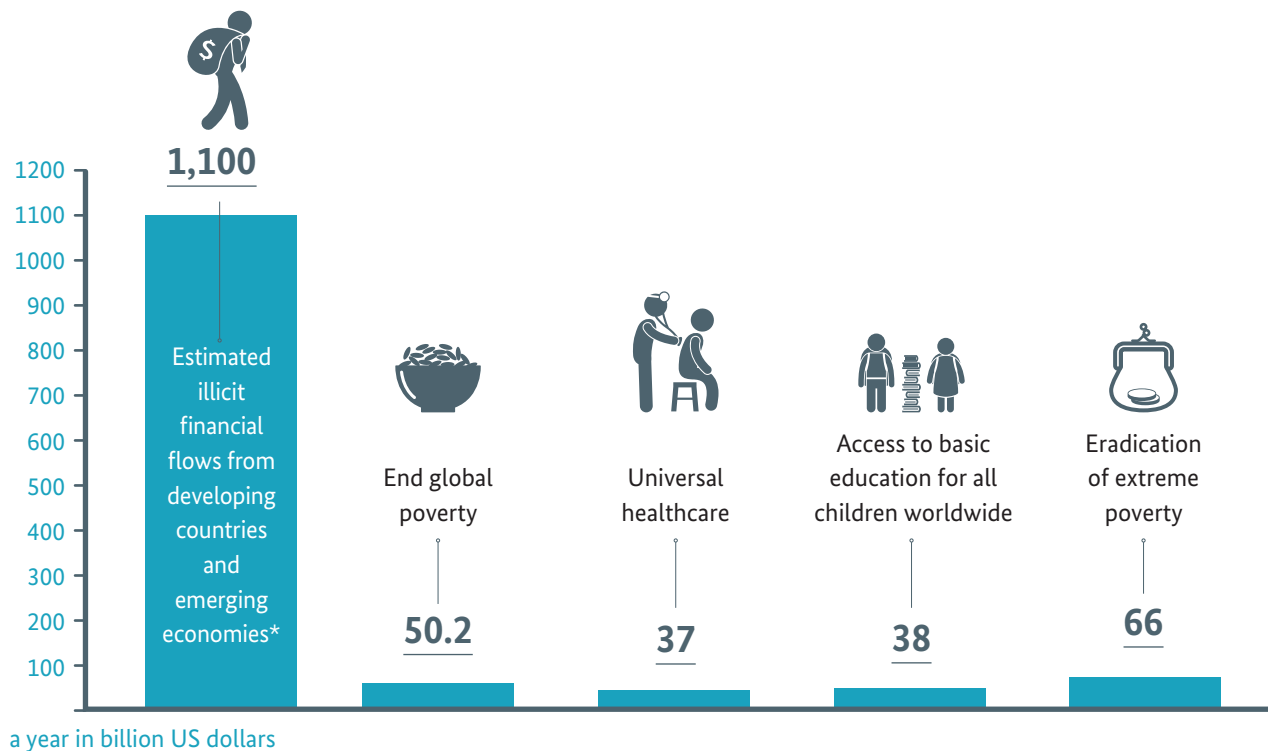
We want to continue improving the effectiveness of measures and the coherence and cooperation between multilateral players.

8. Financing for development

The international community set itself wide-ranging goals in the 2030 Agenda. They cover such fundamental issues as adequate food, education, functioning health systems and access to energy. As yet, the necessary funding has not been secured. The UN (UNCTAD) estimates that between 2 and 3 trillion US dollars will be needed each year.

The Paris climate agreement took the 2009 commitment made by the industrialised countries to mobilise an annual 100 billion US dollars for climate financing by 2020 and extended it through to 2025.

FUNDING GAP FOR SELECTED SUSTAINABLE DEVELOPMENT GOALS COMPARED WITH ILLICIT FINANCIAL FLOWS



Estimates suggest that the volume of illicit financial flows from developing countries and emerging economies is ten times as high as all development funding.

* The term illicit financial flows refers to money moving from one country to another that is illegally earned, transferred or utilised. This includes, for example, money from tax evasion or from criminal activity such as drug dealing or money generated through corrupt means. Source: GREENHILL and ALI (2013); UNGA (2014); KAR and SPANJERS (2015).

These needs cannot be covered from public funds alone. It is important, instead, for all parties to contribute to financing for development:

→ THE DEVELOPING COUNTRIES AND EMERGING ECONOMIES – BY INCREASING DOMESTIC REVENUES

Domestic revenues and efficient management by countries of their own resources are important tools in reducing poverty. This is the way in which the governments of partner countries are able to fund public goods and services like health, education and roads. It is only by mobilising sufficient domestic revenue that developing countries can free themselves of their dependency on external aid in the long term and take on responsibility themselves for realising the Sustainable Development Goals. That is why we are supporting partner countries in developing their tax systems, in adopting sustainable procurement practices, in fighting corruption and illicit financial flows, and in developing transparent administrative systems.

→ THE PRIVATE SECTOR – THROUGH INCREASED INVESTMENT

Most jobs are created by the private sector; it thus helps to reduce poverty and boost the economy. Private foreign direct investment and remittances are growing increasingly in importance. Unlike other capital flows, these have remained relatively stable. In 2016, direct investment in developing countries amounted to 650 billion US dollars. That is four times the total volume of official development assistance. In 2014, the developing countries for the first time attracted more private direct investment than the industrialised countries.

→ FINANCE SYSTEMS – OPERATING IN THE INTERESTS OF PEOPLE

We need finance systems that foster development rather than holding it back. That means they must operate on the basis of clear rules and greater cooperation between nation states, for example in the form of automatically sharing financial and tax data and disclosing details of company ownership. At the same time, the financial sector must take on greater responsibility. There must be an end to the irresponsible practice of speculating on foodstuffs and curbs must be placed on excessive speculative trading. A Europe-wide financial transaction tax that places a 0.1 per cent tax on trade in shares and bonds and 0.01 per cent on speculative assets such as derivatives could help to mobilise some of the urgently needed funds for investments in Africa's future. Ultimately, it would take less than 0.05 per cent of current financial assets worldwide to make up the funding shortfall for investments in Africa's infrastructure.

→ GLOBAL TRADE – WITH A FAIR GLOBAL TRADE SYSTEM

The most important external source of financing for nearly all developing countries is their export revenues from trade in goods in services. In 2016, developing countries accounted for almost half of all global exports, with exports totalling 8.3 trillion US dollars. For years now, developing countries' exports have been growing at twice the rate of the industrialised countries'. Some 60 per cent of developing countries' exports are now finished goods. The proportion of South-South trade has also trebled since 1980. These positive trends relate mainly to the Asian economies. In Africa, the Arab world and Latin America, most export revenue comes from raw materials.

→ INDUSTRIALISED COUNTRIES AND EMERGING ECONOMIES – THROUGH ODA

The goal is clear and it is well-known. The industrialised countries must at long last earmark 0.7 per cent of their economic output for international development. We need concrete steps that will be a useful addition to our partner countries' domestic resource mobilisation, trade revenues and private investment.

Official development funds must be used in a complementary and catalytic way. If all industrialised countries had delivered on their commitment in 2017, some 331 billion US dollars would have been made available to the developing countries and emerging economies. Yet only some 150 billion US dollars, not even half that amount, was made available.

At the same time, it is important that the emerging economies and middle-income countries also set themselves ambitious targets for supporting developing countries, particularly the least developed.

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